must take action to make the fix permanent before the current budget resolution expires.

I hope my colleagues will support me in this endeavor and cosponsor this important legislation which will ensure access to loans for all of America's students.

CHIQUITA BRANDS INTERNATIONAL

HON. MAXINE WATERS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 2, 2001

Ms. WATERS. Mr. Speaker, Chiquita Brands International has played a historically controversial role in Latin America. Beginning from its inception as the United Fruit Company, Chiquita has assisted in the overthrow of democratically elected governments who refused to yield to its economic demands. Other allegations against the company include producing false documentation, intimidating potential competitors and bribing government officials in order to maintain its hold over Latin American banana production.

During the Clinton Administration, Chiquita also became embroiled in a well-publicized legal standoff with the European Union. The litigation resulted from the company's claim that the banana regime of the European Union, which attempted to protect small-scale producers in Africa and the Caribbean, would lead to business losses for Chiquita in the European banana market. In response to Chiquita's complaints, the White House challenged the European banana regime in the World Trade Organization (WTO).

Despite such strong-armed tactics, Chiquita has not been able to maintain market share nor profitability in the 1990s. Since Chiquita has never been a proponent of open competition and fair play at any time in its history, the company's claims that built-in competitive advantages for small producers hurt large producers seems especially dubious. Chiquita must begin to accept responsibility for its economic and strategic failings, rather than assigning blame to those who would assure a competitive market.

The attached article on Chiquita's irresponsible behavior was co-authored by Ernest Hartner and Randall Johnson, Research associates with the Washington-based Council on hemispheric Affairs (COHA), an organization that is committed to addressing issues associated with democracy and human rights throughout the Western Hemisphere. COHA's researchers have often spoken out about U.S. policies and practices toward Latin American countries. The article, which appeared in the June 18, 2001, edition of COHA's biweekly publication, The Washington Report on the Hemisphere, examines Chiquita's dubious history in Latin America.

I request unanimous consent to include this article in the CONGRESSIONAL RECORD.

CAPITOL WATCH: CHIQUITA BANANA'S HARD DAYS

The long battle between Chiquita Brands International and its many foes may be approaching an unanticipated ending. The company's recent financial restructuring indicates that a declaration of bankruptcy could occur in the near future. Chiquita has long attracted fiery criticism from human rights groups, labor unions and small-scale competitors over accusations of unethical and anti-competitive over accusations of unethical and anti-competitive business practices. Nevertheless, news of the company's financial difficulties came as a surprise to its detractors, who have often tended to see it more as a gun-toting mafia than a traditional corporation. Chiquita's possible demise should serve as a cautionary tale for companies seen as chronically operating outside the law, rather than acting as good corporate neighbors.

A SUSPECT HISTORY

Through its 120-year existence, Chiquita has been a leader in the world's banana industry. The company's long presence in Central and South America has emphasized political manipulation, dirty tricks and a history of labor exploitation. First created as the United Fruit Company in the 1880's, Chiquita historically has sought to take advantage of the systematic corruption and tainted operating conditions to be found, or to be created, in such countries as Costa Rica, Guatemala, Honduras and Colombia. While still known as United Fruit, Chiquita went so far as to arrange the overthrow of a democratically-elected government in Guatemala which has refused to yield to its self-serving economic demands. More recently, in the Otto Stalinski affair, Chiquita financed an alleged assassination attempt, produced false documents, and bought judges and hotshot Washington lawyers in order to secure its dominance over the local banana industry. Preceding the 1990 Banana War, rival banana exporter, the Fyffles Group, alleged that Chiquita illegally undercut agreements that it had made with independent banana suppliers. Fyffes' Stalinski accused the company of filing a fraudulent warrant and corrupting local judges and other officials to carry out its will, resulting in the confiscation of his company's banana shipments. Chiquita claims that the warrant was filed only as a cautionary measure, in light of Fyffes' defaulting on mortgage payments owned to it. The warrant was later invalidated, but not before Fyffes had suffered serious financial losses. Beyond lost banana shipments, Stalinski also accuses Chiquita of financing an attempt to kidnap him, with the intent of doing bodily harm, using a false arrest warrant and paramilitary forces.

ROOTS OF FINANCIAL TROUBLES

Despite attempts to manipulate the global banana market in recent years, Chiquita has found it increasingly difficult to maintain market share and profitability in the late 1990's. While other banana producers such as Dole and Del Monte successfully adapted to changes in EU trade policy, Chiquita became embroiled in litigation and various schemes to buy influence in high places. On Chiquita's behalf, the White House Trade Office filed suit with the WTO against the EU's Lomé agreement, an accord developed to guarantee its former colonies preferential access to European markets and lucrative aid packages. The morning after the complaint was filed, Chiquita's CEO Carl Lindner expressed his thanks to the Clinton administration was a $500,000 donation to several Democratic state committees' coffers. This donation represents only one in an unprecedented series of gifts made to U.S. political candidates, without regard to party affiliation. In fiscal year 1994, perhaps in an effort to hedge his bets, Lindner was the second largest soft money contributor to political campaigns, with $525,000 given to Democrats and $430,000 given to Republicans.

Secretary of Commerce Mickey Kantor continued to defend Chiquita's interests before the WTO in the face of allegations that contributions made by Lindner had influenced his actions, and that Lindner had, in effect, purchased a foreign policy. Chiquita and U.S. officials worked actively to eliminate Lomé preferences, with the WTO ruling in Wasington's favor, but in the end succeeded only in securing a partial compromise. The quotes first introduced by Lomé gave way to a first-come-first-serve policy that was later replaced by a partial distribution of EU banana licenses. During this period, Chiquita experienced a severe financial crisis that has led to its impending financial restructuring.

Chiquita's economic difficulties date back to 1992, several years before the signing of the Lomé agreement. The eagerness of Chiquita's Lindner to assign responsibility for its losses to the EU quota system should come as no surprise, given his traditional reluctance to operate within the confines of a competitive market. Traditionally, Chiquita has ruthlessly sought 'sweet-heart' deals with host countries leaders, which allowed to it to gain domination of the local banana industry, ofter after arranging for the purchased cooperation of local officials.

'STRONG ARMED' BUSINESS TACTICS

Despite some questionable cost-cutting measures aimed at maximizing profit margins, such as the use of fertilizers profit margins, such as the use of fertilizers banned in the U.S., anti-union tactics and the alleged corruption of judges and government officials, Chiquita still has been unable to sustain the economic growth experienced in the 1980s. The record profits of that decade were exhausted through Chiquita's single-minded devotion to protecting its banana turf, excessive legal expenses, and a series of poor management decisions. Instead of diversifying its product line, as Dole did by expanding into such new product lines as freshcut flowers, Chiquita chose to increase its involvement in the European banana market by making a determined assault against the relatively minor concessions made to the English-speaking Carribbean islands. It spent millions of dollars on refrigerated ships and advertising campaigns which sought to strengthen its hold in Europe, but saw little returns as a result of few changes in banana importation policy. This resulted in the heavy debt burden that leads many to predict Chiquita's downfall.

Chiquita has never been a staunch proponent of open competition and fair play, as evidenced by the accusations of bribery, fraud and kidnapping. The company filed suit against the EU alleging the 'preferential' treatment of small-scale banana producers. Chiquita adamantly views the guarantees established by Lomé, as an attack on the WTO's free trade provisions. In an attempt to account for its financial decline, Chiquita has focused attention upon problems caused by Lomé, rather than accept responsibility for its failed economic strategy.